Amendment of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act

489. SHRI DHARAM PAL SABHARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to amend the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, which has already got diluted after a court verdict, to further strengthen laws for early recovery of non-performing assets worth over 60,000 crores;

(b) if so, the salient feature of the proposed amendment; and

(c) the details of the other measures, if any, to stop parking of excess funds of Banks in Government and RIDF bonds etc. and to step up investment of these funds in infrastructure and priority sectors particularly small and medium enterprises?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir. The Enforcement of Security Interest and Recovery of Debt Laws (Amendment) Ordinance 2004 has been issued on 11.11.2004 to amend the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

(b) The amendments carried out in the Act are as under:—

(i) The secured creditor will be able to take possession of the secured asset only after reasons for not accepting objections of the borrower have been communicated to him in writing.

(ii) After possession of the secured assets has been taken, the borrower can file an application before the DRT without any deposit.

(iii) After the disposal of the case by the DRT, the borrower, if aggrieved, can apply to the DRAT with a deposit of 50% of the decreed amount which can be reduced by the DRAT to 25%.

(iv) Provide for taking over of management of the business of the borrower under section 13(4).

(v) Confer power upon the Appellate Tribunal to transfer all pending applications before different DRTs to one DRT.

(vi) Empower RBI to call for periodic returns and information from Securitisation Companies and Asset Reconstruction Companies.

(c) IDBI, IDFC, ICICI Bank, SBI, LIC, Bank of Baroda and Punjab National Bank have formed an Inter-Institutional Group (IIG). They will pool their resources on a callable basis, and a sum of Rs. 40,000 crore will be made available as and when necessary. The IIG will ensure speedy conclusion of loan agreements and implementation of infrastructure projects. SIDBI has been advised to structure Small and Medium Enterprises Fund with a corpus of Rs. 10,000 crore. Loans are beign extended to SMEs through SIDBI's own offices and by way of providing refinance to the primary lending institutions. Refinance to SFCs is available in the interest rate band of 7.5% to 8%. The SME Fund provides for routing of assistance, besides SFCs, through commercial banks as well. For the smooth operations of the Fund, the Government of India have approved the limit of investment in plant and machinery above Rs. 1 crore and upto Rs. 10 crore for a unit to qualify as the medium enterprise.

M/s. Home Trade scam

490. SHRI NILOTPAL BASU: Will the Miniter of FINANCE be pleased to state:

(a) whether it is a fact that Oriental Bank of Commerce has taken over the assets and liabilities of Global Trust Bank;

(b) if so, the financial details and reasons for the take over arising thereof;

(c) whether it is also a fact that a substantial amount of money of the Siemens Provident Fund had been eroded due to scam in malafide investment by M/s Home Trade; and

(d) if so, whether Government are reimbursing the financial loss to the SPF?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) Financial details of erstwhile Global Trust Bank as per their balance sheet are as under:

(Rs. in crores)

Particulars	31.3.2003
Paid up capital	121.35
Reserves	146.16